



Department of Justice

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Eastern District of Louisiana

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TEXAS OIL AND GAS COMPANY PLEADS GUILTY TO FELONY

NEW ORLEANS, LOUISIANA – United States Attorney Kenneth A. Polite, announced that **WALTER OIL & GAS COMPANY**, a Texas corporation residing in Houston, Texas, pled guilty today to a one-count Bill of Information which charged the company with failing to provide notification to the National Response Center of a hazardous discharge, in violation of Title 33, United States Code, Section 1321(b)(5)(C). This charge relates to **WALTER OIL & GAS COMPANY**'s oil and gas production in the Grand Isle area of the Gulf of Mexico. As part of the guilty plea, the company agrees to pay a total monetary penalty of \$400,000 and serve a two-year term of probation. If accepted by the Court, the \$400,000 monetary penalty will be divided as follows: \$320,000 to the United States Treasury, \$40,000 to the Louisiana Department of Environmental Quality, \$30,000 to the Louisiana State Police Emergency Services Unit and \$10,000 to the Southern Environmental Enforcement Network.

According to court documents, **WALTER OIL & GAS COMPANY** operated a subsea well for the purpose of extracting oil and gas, which would then be sent to the offshore platform identified as Grand Isle 115, by means of a submersed pipeline. **WALTER OIL & GAS COMPANY** was tasked with ensuring that all material extracted from their subsea wells or introduced into the production pipeline, was managed properly and did not enter the waters of the United States. During oil and gas exploration and production, a paraffin plug sometimes develops which slows the flow in the pipeline connected to the subsea well and offshore platform. An ensuing investigation revealed that in February 2014, personnel on the Grand Isle platform pushed hydrate inhibitor (MXU 5-2684) and paraffin solvent (MC P-3810) by way of a service line, to return the flow in the pipeline to an optimal level. The attempt to clear the plug was unsuccessful and a pipeline remediation plan was developed, which included the recovery of the pipeline to the surface for the removal of any paraffin plugs. On March 31, 2014, while conducting the pipeline remediation project, a portion of the MXU 5-2684 material leaked into the Gulf of Mexico by way of a malfunctioning release valve. The chemical components of MXU 5-2684 are Xylene, Quarternary Ammonium Chloride, Ethylbenzene and Isopropyl

Alcohol, which are defined by federal statute as hazardous substances. A sufficient quantity of MXU 5-2684 leaked that **WALTER OIL & GAS COMPANY** was required to provide notice to the National Response Center. No notification was provided and no attempts to remedy the spilled waste were conducted. On April 1, 2014, the pipeline remediation project was continued but was unsuccessful, and personnel left open a connection that allowed the MXU 5-2684 to further leak into the Gulf of Mexico. Had the connection been closed rather than left open to leak, another day of work to remedy the situation would have cost approximately \$200,000.

“Our federal and state law enforcement partners are committed to protecting our environment,” stated U.S. Attorney Kenneth A. Polite. “We will continue to demand that businesses not illegally pollute the waterways that sit at the center of our culture and economy.”

“The Coast Guard Investigative Service places high priority on the protection of our delicate maritime environment. We will continue to work hand in hand with our law enforcement partners to pursue those who, by their actions, place that environment at peril,” said William Hicks, Acting Special Agent in Charge of the Coast Guard Investigative Service Gulf Region office in New Orleans, LA.

“Developing domestic sources of energy must be done responsibly, safely and without threatening public health or the environment,” said Daniel Pflaster, Acting Special Agent in Charge of EPA’s criminal enforcement program in Louisiana. “The defendant failed to report illegal discharges of production waste fluids believed to be extremely toxic to aquatic environments, and this type of illegal activity compromises the hard work that state, local and federal partners have invested to restore the Gulf of Mexico. Today’s plea agreement demonstrates that when companies damage the environment and mislead government officials, they will be held accountable for their actions.”

“The Louisiana Department of Environmental Quality will not tolerate the bypassing of state and federal laws for personal, professional or monetary gain,” DEQ Secretary Peggy Hatch said. “We will continue to aggressively prosecute any business, corporation or individual found to be in violation of environmental regulations.”

United States District Court Judge Nannette Jolivet Brown set formal sentencing for March 10, 2016.

U.S. Attorney Polite praised the work of the Criminal Investigation Division of the United States Environmental Protection Agency (“EPA-CID”), the Criminal Investigation Division of the Louisiana Department of Environmental Quality (“LDEQ-CID”), and the Coast Guard Investigative Service Gulf Region (“CGIS). The case is being prosecuted by Assistant United States Attorney Jon Maestri.

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